



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

October 6, 2004

Ms. Lois Taylor, Chairman,
and Board of Commissioners
of the White Castle Housing Authority
P.O. Box 58
White Castle, Louisiana 70788

Dear Ms. Taylor:

We performed a limited review of the financial records of the White Castle Housing Authority (Authority) for the fiscal year ended September 30, 2002, to present. We also reviewed the Authority's policies and procedures as well as board meeting minutes. The scope of our work was significantly less than those required by *Government Auditing Standards*; therefore, we are not offering an opinion on the Authority's financial statements, system of internal control, nor assurance as to compliance with laws and regulations.

As part of our review, we noted certain matters that we wanted to bring to the attention of the mayor and board for consideration. We offer the following comments and suggestions:

Generally, the Authority follows adequate operating procedures, but currently, the Authority does not have written operating procedures for the following:

- Purchasing - A written purchasing policy should include, at a minimum, how purchases are initiated, the use of purchase requisitions, preparation and approval process of purchase orders, checks and balances to ensure compliance with the bid law, and documentation regarding all bids. The Authority should verify all receipts with invoice costs, and determine if the purchase is in the best interest of the Authority.
- Disbursements - A written policy should be adopted outlining a proper system of checks and balances. This will assist in maintaining the appropriate segregation of duties. For example, preparing checks and reconciling the bank account should be completed by different employees. All disbursements should be supported by adequate documentation such as invoices, receiving reports, and purchase orders.
- Budgeting - A written budget policy and detailed procedures for preparing, adopting, monitoring, and amending the budget are important for the Authority in complying with the budget laws and providing management with guidelines necessary in managing the Authority's budget.

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- Monthly Financial Statements - The Authority does not provide the board with a monthly financial statement that contains a comparison of actual revenue and expenses to the operating budget. The Authority should develop a written policy that provides the nature, extent, and frequency that financial reporting information is to be provided to board commissioners. Monthly financial statements should be prepared for all funds and include a comparison with the adopted budget to help commissioners make informed decisions regarding the finances of the Authority.
- Credit Cards - A written policy should include implemented procedures requiring documentation and verification of the business purpose for each credit card charge. In addition, credit card purchases should be made through the normal purchasing process and credit card statements reconciled monthly.
- Cellular Phones - Currently, the Authority has no procedures in place for cell phones. The Authority should develop and implement procedures through a written policy that provides for the business use and care of cellular phones. Employees given cellular phones should review the cellular phone bills monthly and verify business use of the phones. Personal calls made or received should be reimbursed to the Authority at a standard rate for each minute. The Authority should review its cell phone contract annually to determine the appropriate amount of airtime minutes needed to negotiate a new contract.
- Travel - A travel policy should provide specific guidance for allowable business, conference, and seminar travel. Travel should be reasonable, necessary, and beneficial to the Authority. The Authority should provide for specific reimbursements of travel or adopt Louisiana Policy and Procedure Memorandum 49 state travel policy.
- Investments - Louisiana law requires that the Authority adopt an investment policy that details and clarifies investment objectives and the procedures and constraints necessary to reach those objectives. According to Louisiana Revised Statute 33:2955, the Authority is allowed to invest only in specific obligations. The Authority should ensure that its investments comply with this law.
- Payroll and Attendance Records - Currently, the Authority does not keep time and attendance records. The Authority should implement the maintenance of time and attendance records through a written policy that includes procedures for verification of employee time and attendance records. These records should be reviewed to ensure accurate accrual and usage of vacation and sick leave. Absentee forms should be completed and filed for all employee absences.

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- Account Receivables - A written policy should include procedures for reconciling account receivables. In addition, formal policies for collecting delinquent account receivables should be written and implemented. The board should approve bill adjustments and write-offs of delinquent accounts.
- Capital Assets - The Authority should have a written capitalization policy for recording capital assets that includes maintaining a detailed list of capital assets. Capital assets should be tagged and physical inventories conducted periodically.
- Ethics - A written ethics policy should be implemented and certified by Authority employees and commissioners annually. Contractors should certify compliance with the Louisiana Ethics Law before services are performed.
- Inventories - Current practices of monitoring and controlling the use of materials and supplies should be committed to writing. Physical inventories of materials and supplies should be conducted periodically and compared to documentation of purchases and usage.
- Information Systems Controls - Policies and procedures should be written and implemented to govern information systems and should include the identification of critical data and access to that data, a backup contingency plan and plan testing, and file backup and storage.

Finally, having written policies and procedures will strengthen the Authority's current practices and provide a framework for present and future Authority employees to perform the business operations necessary to provide accurate accountability of Authority assets and help prevent fraud.

This letter is intended for the information and use of the management of the Authority and is not intended to be, and should not be, used by anyone other than management. Under Louisiana Revised Statute 24:513, this letter is distributed by the Legislative Auditor as a public document.

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and Board of Commissioners
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If you have any questions, contact me at (225) 339-3839 or Mr. Daryl Purpera at (225) 339-3807.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve J. Theriot", with a stylized flourish extending to the right.

Steve J. Theriot, CPA
Legislative Auditor

LT:DD:DP:ss

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